

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3413-01
BILL NO.: SB 778
SUBJECT: State Departments; Administration
TYPE: Original
DATE: April 3, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Various State Funds	(Unknown)*	(Unknown)*	(Unknown)*
Total Estimated Net Effect on <u>All</u> State Funds	(Unknown)*	(Unknown)*	(Unknown)*

*Costs could exceed \$100,000 annually

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
 This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture (AGR), Department of Elementary and Secondary Education (DES), Department of Transportation (DHT), Department of Natural Resources (DNR), Department of Health (DOH) and Department of Mental Health (DMH)** assume this proposal would result in fiscal impact on their agencies; however, the extent of fiscal impact is unknown. Additionally, DHT, DOH and DMH noted their agencies have toll-free numbers, which should reduce the fiscal impact of this proposal.

Officials from the **Office of State Courts Administrator (CTS), Department of Economic Development (DED) and Department of Insurance (INS)** assume this proposal would not fiscally impact their agencies as it is assumed reimbursement would be through the Office of Administration.

Officials from the **Department of Public Safety (DPS) and the Missouri Department of Conservation (MDC)** assume the proposal would have either no or minimal fiscal impact on their agencies.

Officials from the **Department of Revenue (DOR)** assume the proposal would result in costs to the DOR. The DOR has two types of systems in which a caller may receive an automated message rather than a state employee. The first type of system is an employee's personal voice mail system. Some professional employees within the Department have personal voice mail which is used when they are out of the office or attending meetings. The Department currently does not track the volume of calls received by an employees voice mail. Therefore, the impact to this type of system is **UNKNOWN**.

The next type of system the Department utilizes is the Interactive Voice Response (IVR) System. It is the Department's assumption that these calls will qualify for reimbursement as described in this legislation. This system is utilized by the Division of Taxation when taxpayers call regarding billing questions. If all the operators are busy, the system will answer the phone and ask the taxpayer to hold until the next operator is available. The Division of Motor Vehicle and Drivers Licensing also utilizes this system to route calls to the appropriate employees and to answer taxpayer's general questions. The Department has estimated there are 2,000,000 to 3,000,000 calls received on the IVR system each year. Assuming an average of three minutes per call at \$.10 per minute, the Department estimates the cost of reimbursement to be **between \$600,000 and \$900,000** if every call is reimbursed. **Oversight** assumes calls answered by the IVR system would not qualify for reimbursement under this proposal and therefore, has not included such costs in the fiscal impact specifications below.

ASSUMPTION (continued)

The DOR's Division of Administration will need **one Account Clerk I** with a mid-point salary of \$18,642 in order to gather, organize and process the claims that are received by the Department. It is the assumption of the Department that the Office of Administration will accept or deny the claims. **Oversight** assumes any additional workload could be absorbed with existing resources and therefore, has not included associated costs in the fiscal impact specifications below.

Officials from the **Office of Administration, Information Services (COA)** assume this proposal would have an undeterminable impact on its agency. The COA has no way of assessing what the fiscal impact to COA or to other departments might be. It is not known what the incoming call volume is and what percentage of those is answered by voice mail or other automated answering technology. Further, it is no known how many callers would ask for reimbursement if they received a voice mail message. State fiscal staff would have to verify that the call was made to a State telephone and process a warrant request through the State accounting system to obtain reimbursement for the callers. This would be a significant effort for agency fiscal staff since most callers would not be in the State's vendor file.

If voice mail reimbursement requests are significant and additional operators are needed, operators would answer all calls as opposed to voice mail.

Officials from the **Department of Social Services (DOS)** assume that based on the language in the bill, the DOS would be liable for reimbursement for all calls that are answered by voice mail, no matter how expeditiously the call was subsequently handled. There are three different ways DOS could approach estimating costs:

- DOS could simply stop using all voice mail. This would result in no cost to the Department. However, this would cause more instances of callers getting busy signals, multiple rings before a phone is answered, or perhaps no answer at all if the employee steps out.
- The use of voice mail can actually save a caller money. When a caller leaves a message and the phone call is returned, costs for the duration of the call are effectively shifted from the caller to the state agency. Therefore, DOS could continue to use voice mail and make reimbursements whenever claims are filed. It is not known how many such claims would be filed. Because of the small amount of money involved and the documentation required, DOS assumes that claims would probably be infrequent and costs would not exceed \$100,000.

ASSUMPTION (continued)

- If the intent of the legislation is to discourage the use of voice mail, DOS would have to add sufficient staff to ensure that all phone lines are answered by a state employee. With over 100 offices statewide, costs would quickly exceed \$100,000. Installation of toll free lines to all offices would also exceed \$100,000.

Officials from the **Department of Labor and Industrial Relations (DOL)** assume this proposal would have an unknown fiscal impact on its agency. The Division of Workers' Compensation believes that approximately 1000 long-distance calls are made each year to voice mail, and the total cost would be \$1,000, assuming it costs the caller \$1 to leave a message on the employee's voice mail.

Currently, the Division of Employment Security does not reimburse the public for expenses or for long distance calls made to the Division. The Unemployment Compensation Trust Fund (UCTF) is strictly for the payment of unemployment insurance benefits and can not be used to cover the costs generated by the proposal. The USDOL has informally responded to the proposal, that the Division's Administration Fund could not be used as prescribed under Section 3304(a)(4), FUTA.

If the proposal were enacted, the DOL may need to request additional appropriation authority as required to provide funding to the Division from the Special Employment Security Fund (SESF) to cover these costs. Otherwise, a request for additional funding from General Revenue may be needed.

Currently, the Division has approximately 306 voice mail systems in use to efficiently administer the UC program. These systems also save the public the time and expense of repeated calls. The Division is not able to determine the number of messages left on employees voice mail systems, which messages are long distance, which are not, the length of these messages, etc. The Division can not predict what long distance rates throughout the US would apply, length of the messages, number of calls and numerous other variables affecting the cost.

The estimated amount of the impact to the SESF or the General Revenue Fund can not be determined.

Oversight assumes the fiscal impact of this proposal is unknown, since such information on the number and duration of calls is not currently tracked. Also, it is unknown how many callers would seek reimbursement or what actions state agencies would take to avoid reimbursements. Therefore, the fiscal impact is shown as Unknown, but could exceed \$100,000 annually.

ASSUMPTION (continued)

Officials from the **Department of Corrections (DOC)** did not respond to our fiscal impact request.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mos.)	FY 2002	FY 2003
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VARIOUS STATE FUNDS

Costs

Reimbursement for phone calls _____ (Unknown)* (Unknown)* (Unknown)*

*** Costs could exceed \$100,000 annually**

<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
_____	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

Whenever a person places a long-distance telephone call to a state agency and gets voice mail rather than a state employee, the state will reimburse the caller for the cost of the call and associated expenses if the caller submits a claim for reimbursement. The caller seeking reimbursement from the state agency shall submit a copy of his or her telephone bill showing the time, telephone number of the agency, and the cost of the call. The state agency receiving such claim from a caller shall forward the claim to the office of administration, who will reimburse the caller for the cost of the call and related postage expenses for submitting the claim.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Agriculture
Department of Elementary and Secondary Education
Department of Transportation
Department of Natural Resources
Department of Health
Department of Mental Health
Office of State Courts Administrator
Department of Economic Development
Department of Insurance
Department of Public Safety
Missouri Department of Conservation
Department of Revenue
Office of Administration, Information Services
Department of Social Services
Department of Labor and Industrial Relations

NOT RESPONDING: Department of Corrections



Jeanne Jarrett, CPA
Director
April 3, 2000